



CABINET FOR HEALTH AND FAMILY SERVICES
Department for Medicaid Services
Commissioner's Office

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James W. Holsinger, Jr., M.D.
Secretary

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Nursing Facility Provider Letter #A-218

Dear Nursing Facility Provider:

This letter provides policy guidance regarding Medicaid payment for oxygen therapy to Nursing Facilities. In accordance with 907 KAR 1:065, the Department for Medicaid Services shall reimburse for an oxygen therapy utilizing the Medicaid DME Program fee schedule established in 907 KAR 1:479.

Oxygen Therapy is an ancillary service in the Nursing Facility program, and the charge for oxygen should come from the Nursing Facility to Medicaid, which is paid a maximum amount based on the DME fee schedule and is inclusive for supplies, i.e., sterile water, saline, etc. Pharmacies should not be reimbursed for sterile water and saline and it is Medicaid's position that these are not "drugs" that should be purchased from pharmacies for these residents. Similar to OTC drugs, these items do not require a prescription for purchase and therefore should be included in the routine per diem or oxygen payment. It was never intended that any additional payment be made for the administration of oxygen, other than what the Department specified in regulation.

If you have any questions regarding this letter, please call Mrs. Sherilyn Redmon, Manager, Long Term Care Branch, at 502-564-5707.

Sincerely,

Shannon R. Turner, J.D.
Commissioner

SRT/jm

